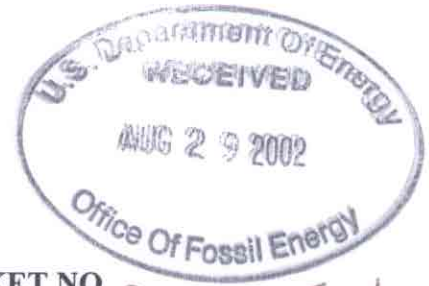


UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



SEMPRA ENERGY RESOURCES
AND TERMOELÉCTRICA U.S., LLC

DOCKET NO.

PP-235-1

JOINT APPLICATION
TO RESCIND PRESIDENTIAL PERMIT NO. PP-235 AND SIMULTANEOUSLY
ISSUE SUCH PERMIT TO NEW ENTITY

I. INTRODUCTION

Pursuant to Executive Order (EO) No. 10485, as amended by EO 12038, and 10 C.F.R. § 205.320 *et seq.* (2000), Sempra Energy Resources (SER) and Termoeléctrica U.S., LLC (T-US) hereby jointly apply to rescind Presidential Permit No. PP-235 authorizing SER to construct, operate and maintain an electric power transmission facility crossing the international border between the United States and Mexico, and to simultaneously issue such Presidential Permit to T-US to own, operate and maintain the existing electric power transmission facility. Construction of the subject electric transmission line was completed by SER in April 2002.

This transmission facility electrically interconnects Termoeléctrica de Mexicali (TDM), an independent power generation facility currently under construction and close to completion in Mexicali, Mexico, with the existing Imperial Valley Substation, in Imperial County, California, which is owned and operated by San Diego Gas & Electric Company (SDG&E). No change to the transmission facility itself, in the operation of the facility nor of any of the terms and conditions currently authorized by Presidential Permit No. PP-235 is being sought as part of this joint application. The change in ownership of the existing transmission facility will have no associated environmental impacts.

II. REQUEST TO EXPEDITE PROCESSING OF JOINT APPLICATION

Construction of the cross border transmission line that is the subject of this application was completed by SER in 2002, but has not yet been energized. Because SER and T-US currently plan to energize the transmission facility in October 2002 to facilitate testing of the almost completed TDM power generation facility in Mexico, SER and T-US expedited consideration of this joint application, including limiting the period for public comment, protest and intervention in this proceeding to 15 days. *See, e.g.*, Notice Regarding Application to Rescind Presidential Permit, 65 Fed. Reg. 53,994 (2000) (allowing 15 day public comment, intervention and protest period in response to request to expedite proceeding).

III. STATEMENT OF REASONS FOR THE TRANSFER OF THE EXISTING CROSS BORDER TRANSMISSION FACILITY

SER is a California corporation engaged in the development, ownership, and operation of non-regulated electric generating facilities and the wholesale sale of electric power. T-US is a Delaware limited liability corporation that will own and operate the U.S. portion of the transmission facility. Both SER and T-US are indirect wholly owned subsidiaries of Sempra Energy, a California corporation. In the event of a voluntary transfer of the facility, 10 C.F.R. § 205.323(b) requires that a joint application be filed with the DOE, together with a statement of reasons for the transfer. SER and T-US request the recession of the SER Presidential Permit and simultaneous issuance of a Presidential Permit to T-US for this existing facility to allow SER to transfer the transmission facility to T-US. This will enable the parties to effectuate an internal corporate reorganization that will result in T-US owning, operating, and maintaining the transmission facility as an exempt wholesale generator (EWG).

IV. FACTUAL BACKGROUND

On March 6, 2002, SER submitted an application for Presidential Permit requesting authorization for the construction, operation and maintenance of an electric transmission facility crossing the international border between the United States and Mexico. After completing an Environmental Assessment (EA) on the then proposed transmission facility, DOE issued a Finding of No Significant Impact (FONSI) and issued the Presidential Permit for the cross-border connection on December 5, 2001 (FE Docket PP-235).

The total length of the existing electric power transmission facility is approximately nine miles. The facility consists of a double-circuit 230 kV transmission line extending about six miles south from the SDG&E Imperial Valley Substation (IV Substation) to the United States-Mexico international border, and is entirely within a right-of-way granted by the U.S. Bureau of Land Management (BLM), on December 31, 2001, through BLM administered public lands in the Yuha Basin of the Colorado Desert. The portion of the transmission line located in the United States (approximately six miles) was constructed and is presently owned and maintained by SER.

From the international border, the transmission line extends approximately three miles south to its interconnection point at TDM. The portion of the transmission line located in Mexico was constructed and is owned and maintained by TDM, which is also constructing, and will operate and maintain the nominal 500 MW natural gas-fired electric power generating facility (with an approximate peak generating capacity of 700 MW) that will transmit energy to the United States on the existing 230 kV transmission line. TDM received a Mexican environmental permit (Manifiesto de Impacto Ambiental D.O.O.DGOEIA-000032) for the electric generating facility, as well as for the linear transmission line facilities located in Mexico on January 23, 2001. Exhibit A contains a routing map of the facility, showing the transmission line initiating from TDM, crossing the international border into the United States, and terminating at the SDG&E IV Substation.

The approximately six-mile U.S. portion of the existing double-circuit transmission line was constructed in accordance with all applicable United States and California statutes, standards, rules, and regulations. These include those of the Federal Energy Regulatory Commission (FERC), Department of Energy (DOE), Bureau of Land Management (BLM), International Boundary and Water Commission (IBWC), California Independent System Operator (ISO), and the California Public Utilities Commission (CPUC).

The approximately three-mile portion of the existing transmission line south of the international border was constructed in accordance with Mexican statutes, standards, rules, and regulations. These include those of the Mexican Comisión Federal de Electricidad (CFE), Comisión Reguladora de Energía (CRE), and Instituto Nacional de Ecología (INE).

The existing transmission line is parallel and to the east of two existing 230 kV transmission lines that run from the SDG&E Imperial Valley Substation to Mexico. One of these transmission lines is owned by SDG&E and extends to the CFE La Rosita substation. The other transmission line is owned by Baja California Power, Inc., and extends to the La Rosita power plant facility. The existing SER transmission line crosses the United States-Mexico international border at the UTM coordinates N 3,613,385; E 623,728 (Exhibit B).

The existing 230 kV transmission line to be transferred to T-US will be used to export 100 percent of TDM's net generating capacity to the United States and will be operational year round. Power will be exported from the United States to TDM on this line for purposes of: initial start-up of TDM facilities (such as water treatment and cooling towers), providing "black start" capability to the power plant, and providing ancillary equipment power when the facility's electrical generating equipment is not in operation (such as during weekend plant shutdowns). Power exports from the United States to TDM for "black start" and ancillary equipment operation during plant shutdown will occur routinely, with a maximum of 12 MW to be exported. An application submitted by SER for an export authorization pursuant to Section 202(e) of the Federal Power Act is pending before the Office of Fossil Energy. No changes to that application are sought.

V. PRESIDENTIAL PERMIT APPLICATION

(a) Information Regarding the Joint Applicants

(1) Applicant's Legal Name. The legal names of the joint applicants are Sempra Energy Resources and Termoelectrica U.S., LLC.

(2) Partners. None.

(3) Correspondence.

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Director, Permitting and Licensing
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(4) Foreign Ownership. Neither SER nor T-US is owned wholly or in part by a foreign government. T-US currently owns no transmission lines. Neither SER nor T-US is directly or indirectly assisted by a foreign government or instrumentality thereof in the construction or financing of the facilities within the United States. Likewise, neither SER nor T-US has any agreement pertaining to such ownership by or assistance from any foreign government or instrumentality thereof.

(5) List of Existing Contracts With Foreign Governments or Foreign Private Concerns. Neither SER nor T-US has contracts with a foreign government or foreign private concerns relating to the purchase, sale or delivery of electric energy.

(6) Corporate Authority and Compliance with Laws. An opinion of counsel to the effect that the ownership, operation, and maintenance of the existing 230 kV transmission line is within T-US's corporate powers and that T-US has complied with all pertinent federal and state laws is attached as Exhibit C.

(b) Information Regarding the Transmission Line To Be Covered by the Presidential Permit

(1)(i) General Technical Description

(A) Number of Circuits and Placement. The existing 230 kV overhead transmission line is strung on a combination of lattice steel towers and steel monopoles extending approximately six miles south from the existing SDG&E Imperial Valley Substation to the United States-Mexican border, crossing the border at UTM coordinates N 3,613,385; E 623,728. The transmission line consists of two 230 kV circuits, one circuit on each side of each tower or pole.

(B) Operation Voltage and Frequency. The nominal operating voltage is 230 kV, three-phase, at a frequency of 60 Hz. The maximum operating voltage is 245 kV.

(C) Conductors. The conductors are aluminum conductor steel supported (ACSS). The conductor specification is 954 AWG Cardinal ACSS 54/7. There are two conductors per phase.

(ii) Additional Information Regarding Existing Overhead Lines

(A) Wind/Ice Loading Design Parameters. The transmission line is designed for an anticipated wind loading of 200 kilometers per hour (125 miles per hour). No ice loading parameters are necessary because the transmission line is located in the desert of Southern California.

(B) Description of Typical Supporting Structures. Elevations of steel lattice towers (suspension, deflection, and dead-end) are shown in Exhibits D1a, b, and c. Elevations of steel monopoles (suspension and deflection) are shown in Exhibits D2a and b. Suspension towers are 42.66 meters and deflection towers are 42.5 meters in height (approximately 140 feet for both). A single dead-end tower at the international border is 42.20 meters (approximately 138 feet) in height. Both deflection and suspension poles are 31 meters (102 feet) in height.

Conductors on the dead-end and deflection towers and poles are supported from double insulators. Conductors on suspension towers or poles are supported from single insulators. The minimum ground clearance of the conductor is 11 meters (36 feet).

The towers are anchored to concrete foundations at each of the four corners at the base of the tower. The towers are approximately 25 by 25 feet at the base. At the top, the suspension towers are approximately 6.6 feet square, the deflection towers are approximately 7.5 feet square, and the dead-end tower is approximately 13 feet square. Steel suspension monopoles are approximately 2.5 feet in diameter at the base, tapering to approximately 1 foot in diameter at the top. Steel deflection monopoles are approximately 4.8 feet in diameter at the base, tapering to approximately 2.1 feet at the top. Steel monopoles are anchored to a concrete foundation. The number of circuits is two plus two static wires at the top. The two ground static wires include the installation of communications fiber for system protection and monitoring, with additional black fiber for future communications use.

(C) Structure Spacing. The supporting structures are constructed along the center of a 120-foot-wide right-of-way. The right-of-way is east of and adjacent to an existing 120-foot-wide Baja California Power, Inc. right-of-way for an existing 230 kV transmission line. This Baja California Power, Inc. transmission line is itself east of an existing SDG&E right-of-way for an existing 230 kV transmission line. The centerline of the SER transmission line is approximately 120 feet from the centerline of the existing Baja California Power, Inc. transmission line.

Spacing of the structures varies somewhat in order to avoid or minimize impacts to sensitive biological or cultural resources. Tower spacing is approximately 300 meters (984 feet) apart. Monopole spacing is approximately 150 meters (492 feet) apart.

(D) Conductor Spacing. Vertical spacing between phases is approximately 5.2 meters (17 feet) for the towers and 4.7 meters (15 feet) for monopoles.

(E) Line to Ground and Conductor Side Clearances. The horizontal average distance between circuits for phase conductor spacing is approximately 35 feet conductor to conductor. Minimum clearance for phase conductor to ground spacing is approximately 11 meters (36 feet).

(iii) Additional Information Regarding Underground and Underwater Lines. No underground or underwater line has been constructed.

(2) General Area and Detailed Border Area Maps

A general area map showing the overall facility is attached as Exhibit A. A detailed map of the facility on the international border showing the physical location, UTM coordinates of the facility, and identifying the ownership of the facilities at or on each side of the border, is attached as Exhibit B.

(3) Bulk Power System Information

(i) Expected Power Transfer Capability. This facility is expected to transfer power under normal conditions at 700 MVA at a 0.9 power factor, with a maximum of 1400 MVA at the same power factor. Under emergency conditions, the maximum estimated short-time power transfer is approximately 1500 MVA at a 0.90 power factor.

(ii) System Power Flow Plots. System power flow studies for this facility were provided to and considered by the DOE prior to the issuance of Presidential Permit No. PP-235, and are incorporated herein by reference. No change in the operation of this facility is sought as part of this application.

(iii) Interference Reduction Data. A 230 kV line normally does not present radio or television interference problems. The transmission line mitigates possible interference by providing corona rings on the insulators and corona free hardware.

(iv) Relay Protection. The transmission line is connected from TDM to the existing SDG&E Imperial Valley Substation and complies with SDG&E's Utility Practices for relay protection. The transmission line will not interconnect with the Mexican electric grid.

(v) System Stability Analysis. As system stability analysis for this facility was previously provided to and considered by the DOE prior to the issuance of Presidential Permit No. PP-235, and is incorporated herein by reference.

(c) POTENTIAL ENVIRONMENTAL IMPACTS

Assessment of Environmental Impacts. There are no environmental impacts associated with the change in ownership of the existing transmission facility. As part of the

decision-making process for the initial issuance of Presidential Permit No. PP-235, the DOE, acting as the lead federal agency, prepared an Environmental Assessment to evaluate potential environmental impacts of construction, operation, maintenance, and cross-border connection of the 230 kV transmission line (EA-1391). DOE completed the EA in December 2001. Because the transmission line was constructed wholly on federal land managed by BLM, the BLM was a cooperating agency in the preparation of the EA. DOE issued a FONSI and issued the Presidential Permit for the cross-border connection on December 5, 2001 (FE Docket PP-235). BLM issued a FONSI and decision record on December 19 and 20, 2001, respectively, and issued the right-of-way for the transmission line on December 31, 2001.

The DOE EA and FONSI evaluated the environmental impacts associated with the construction, operation, maintenance and connection of the SER electric transmission facility crossing the international border between the United States and Mexico. The EA included consideration of impacts to floodplains, wetlands, critical wildlife habitat and other biological resources, land use, air quality, geology, soils and seismicity, water resources and water quality, cultural resources, and archaeological and historic sites. No navigable waterways or Indian lands are crossed by the transmission facility. The EA also evaluated operational impacts, interrelated projects and cumulative impacts, including air and water quality impacts from the TDM. Additionally, the EA and the FONSI took into account the potential future listing of the flat-tailed horned lizard.

The DOE FONSI concluded that “the issuance of a Presidential permit and an electricity export authorization to SER . . . for the proposed actions, would not constitute a major Federal action significantly affecting the quality of the human environment and, therefore, does not require preparation of an environmental impact statement.” DOE FONSI at 3.

The electric transmission facility and required access roads were constructed in compliance with required mitigation measures contained in the EA and the right-of-way grant. Thus, all impacts associated with construction have occurred and either have been or are in the process of being mitigated as required by the EA and the right-of-way grant. Since the issuance of the EA and FONSI, the information and circumstances that are relevant to environmental concerns associated with the transmission facility have not changed and neither require nor warrant new or additional environmental analysis or documentation under the National Environmental Policy Act.

(2) Known Historic Places. When the construction of the transmission line was originally proposed, a record search conducted for the project at the Southeastern Information Center revealed no sites within the proposed right-of-way that were listed on the National Register of Historic Places. The DOE EA and FONSI concluded that four prehistoric sites might be directly impacted during construction of the new transmission lines, and that indirect impacts associated with new access roads may require inclusion of additional sites. In order to protect the cultural resources information that was present, and as documented in the EA, a cultural resources treatment plan was developed to mitigate for these impacts. The cultural resources treatment plan was subsequently

approved by BLM, and included protection measures, monitoring steps, and Native American consultation. Consistent with the conclusion in the FONSI, only portions of the four prehistoric sites were impacted either directly or indirectly due to project activities. Those portions that were impacted were evaluated and determined not to be eligible for nomination to the National Register of Historic Places. SER has completed all of the mitigation measures identified in the cultural resources treatment plan.

(3) Minimum Right-of-Way Width. BLM issued a right-of-way grant to SER that is 120 feet wide, 31,680 feet long (approximately six miles), and contains 87 acres, more or less, along with associated access roads for construction and maintenance, and a Temporary Use Permit for use of additional lands for construction, storage, and staging outside the right-of-way during construction of the transmission line. The right-of-way is located east of and adjacent to the existing 120-foot-wide right-of-way for Baja California Power, Inc., which itself is located east of and adjacent to SDG&E's existing 230 kV transmission line. The location of the existing right-of-way is within utility corridor N as designated in the BLM's California Desert Conservation Area Plan. The right-of-way width of 120 feet is wide enough that, under extreme wind conditions, the transmission line conductor does not swing (blow out) past the edge of the right-of-way. To conform to standard practices, the centerline of SER's 230 kV power line is approximately 120 feet from the centerline of Baja California's existing 230 kV line. Approval to assign the right-of-way grant to T-US will be requested separately from BLM consistent with applicable regulations.

(4) Threatened or Endangered Wildlife or Plant Life. No species of plants or animals listed by the U.S. Fish and Wildlife Service as threatened or endangered are known to exist in the right-of-way, and none were identified in field surveys of the project area conducted by RECON for SER in September and October of 2000.

The Presidential Permit issued to SER was issued on December 5, 2001, prior to the proposed listing of the flat-tailed horned lizard (*Phrynosoma mcalli*) (FTHL) as a threatened species under the federal Endangered Species Act (ESA) on December 26, 2001. The DOE EA and FONSI, however, evaluated potential impacts to the FTHL due to the construction, operation and maintenance of the transmission facility. The FTHL is referred to in Sections 2.2.6.1, 3.5.3, 4.5, indirectly in Sections 4.11.4 and 4.12.4, and in Table 3.5.1., as well as in EA Appendix C, the biological resources appendix. The DOE EA also specifically took into consideration that the Secretary of the Interior had been ordered by a federal district court to reinstate a previously effective proposed rule listing the flat-tailed horned lizard as threatened under the ESA. See DOE EA at 55, 98. At this time, the FTHL is proposed for listing as a threatened species by the U.S. Fish and Wildlife Service, as recognized in the EA would be the case.

Agreed upon mitigation requirements contained in the EA and the right-of-way grant to minimize potential impacts to the FTHL during construction were implemented and those applicable during the operation and maintenance of the facility will be implemented by T-US as specified in the right-of-way grant. Since facility construction was completed in April 2002, the change in ownership of the existing facility and the re-issuance of the

Presidential Permit to T-US has no physical effect on the environment, would have no effect on the species, and thus, will not jeopardize the continued existence of the flat-tailed horned lizard.

(d) ALTERNATIVES TO THE PROPOSED FACILITY.

Construction of the transmission facility has been completed. Therefore, this application seeks only the simultaneous issuance of a Presidential Permit to T-US for this existing facility and recession of the SER Presidential Permit to allow SER to transfer the transmission facility to T-US and facilitate the change in ownership. A discussion of potential alternatives to the electric transmission facility before it was constructed (e.g., upgrading the existing SDG&E 230 kV system, an alternative 230 kV transmission route to the east of the proposed route, and construction of a 230 kV underground transmission route) can be found in SER's March 6, 2001 application for the Presidential Permit.

(e) VERIFICATION

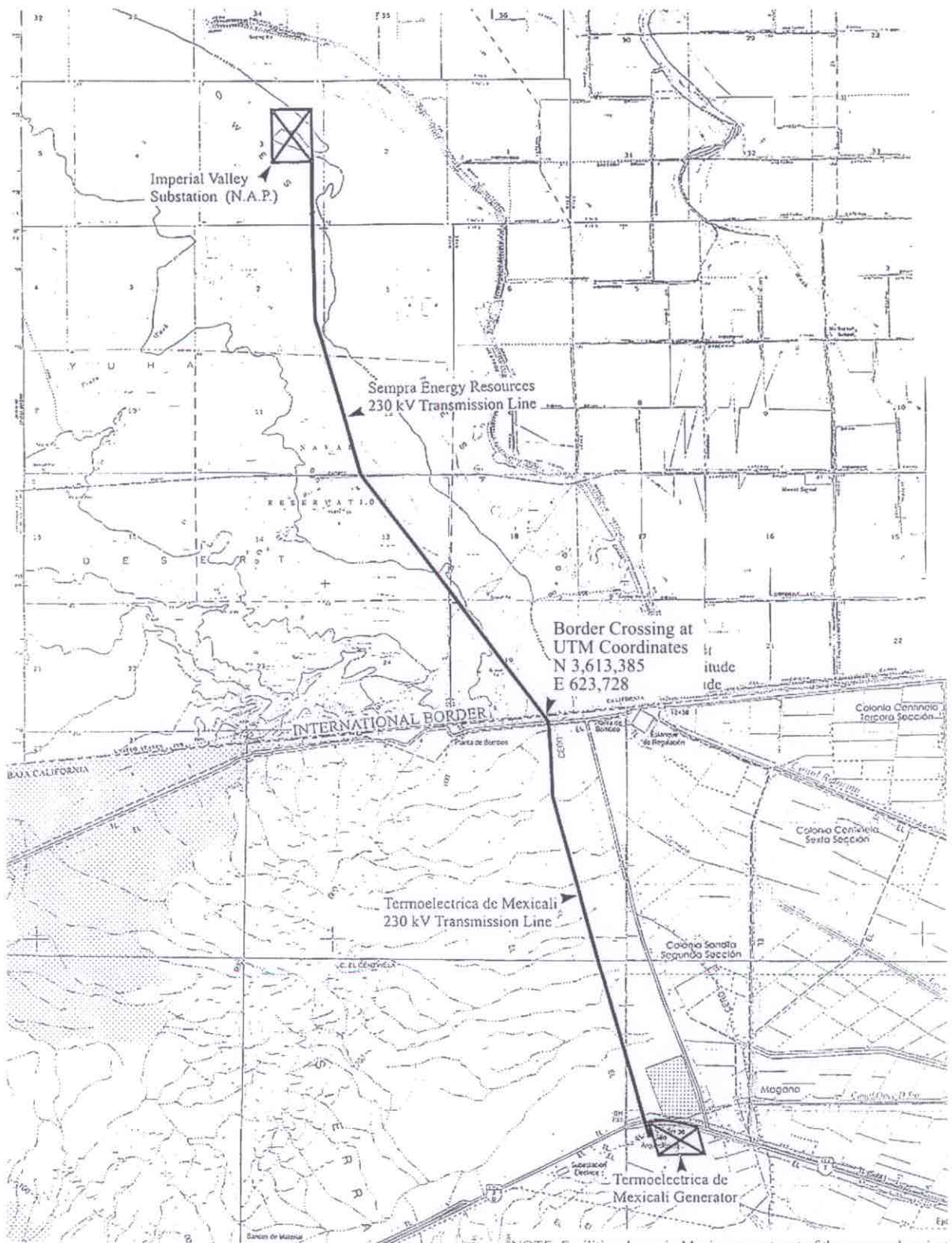
This application has been verified under oath by an officer of the Applicant having knowledge of the matters set forth above. This verification is attached as Exhibit E.

LIST AND SUMMARY OF ATTACHED EXHIBITS

Following are summaries of the exhibits required in 10 C.F.R. 205.322 to complete this Application and that SER and T-US believes to be applicable in the circumstances described herein:

- Exhibit A Overall system general area map
- Exhibit B Crossing location at the international border
- Exhibit C Opinion of counsel that the connection, operation, or maintenance of the proposed facility is within the corporate powers of T-US, and that T-US has complied with or will comply with all pertinent state and federal laws.
- Exhibit D1a Typical steel lattice tower (suspension structure)
- Exhibit D1b Typical steel lattice tower (deflection structure)
- Exhibit D1c Typical steel lattice tower (dead-end structure)
- Exhibit D2a Typical steel monopole (suspension structure)
- Exhibit D2b Typical steel monopole (deflection structure)
- Exhibit E Verifications under oath by an officer of each Applicant having knowledge of the matters set forth herein.

EXHIBIT A
Overall system general area map



Map Source: U.S.G.S 7.5 minute topographic map, Mt. Signal quadrangle,
and INEGI carta topografica 1:50,000 maps, La Salada and Mexicali

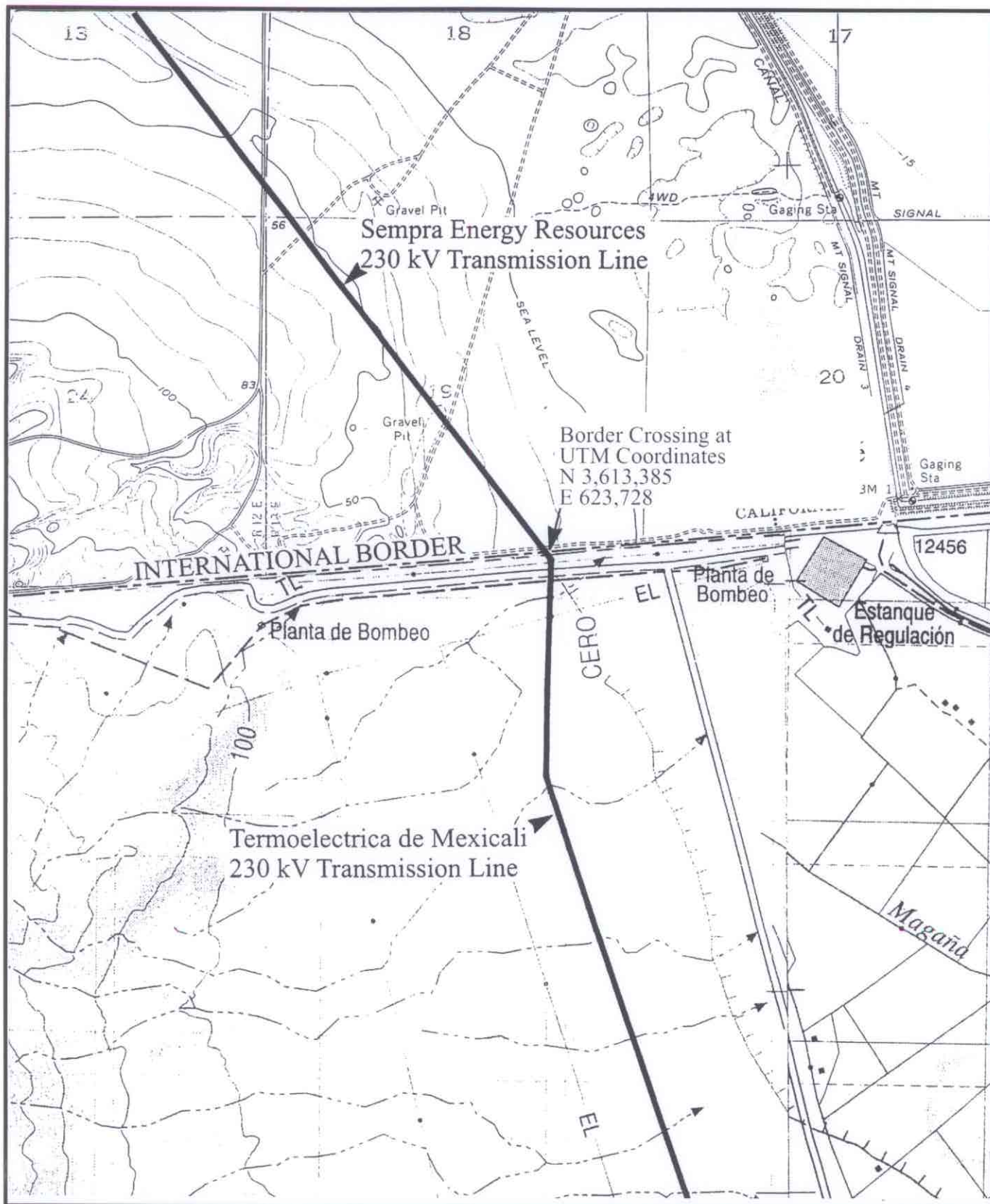


EXHIBIT A

Overall System General Area Map

EXHIBIT B

Crossing location at the international border



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EXHIBIT B

Interconnection Location at the International Border

EXHIBIT C
Opinion of counsel

August 26, 2002

U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Ladies and Gentlemen:

This opinion is rendered in connection with the joint application ("Application") of Sempra Energy Resources ("SER") and Termoelectrica US LLC ("T-US") to rescind Presidential Permit No. PP-235 authorizing SER to construct, operate and maintain an electric power transmission facility crossing the international border between the United States and Mexico, and simultaneously issue such permit to T-US to own, operate and maintain the completed electric power transmission facility, in each case pursuant to Executive Order (EO) No. 10485, as amended by EO 12038, and 10 C.F.R. § 205.320 *et seq.* (2000).

Based on my understanding of SER's and T-US' proposal and my examination of such documents, records and matters of law as I have considered to be relevant in the premises, it is my opinion that:

1. The operation and maintenance of the facilities, as contemplated by the Application, are within the corporate power of T-US.
2. Based on information provided by representatives of T-US, T-US has complied with all pertinent Federal and State laws.

I am opining herein only as to the federal laws of the United States, the internal laws of the State of California and the general corporate laws of the State of Delaware, and I express no opinion as to the laws of any other jurisdiction or as to any matters of municipal law or the laws, rules or regulations of any local agency in any state. This opinion is issued as of the date hereof and is necessarily limited to the laws now in effect. I am not assuming any obligation to review or update this opinion should the law or existing facts or circumstances change. This opinion is provided by me as counsel for T-US solely to you for your exclusive use and is not to be made available to or relied upon by any other person or entity without my prior written consent.

Very truly yours,

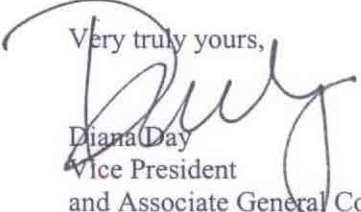

Diana Day
Vice President
and Associate General Counsel

EXHIBIT D1a

Typical steel lattice tower (suspension structure)

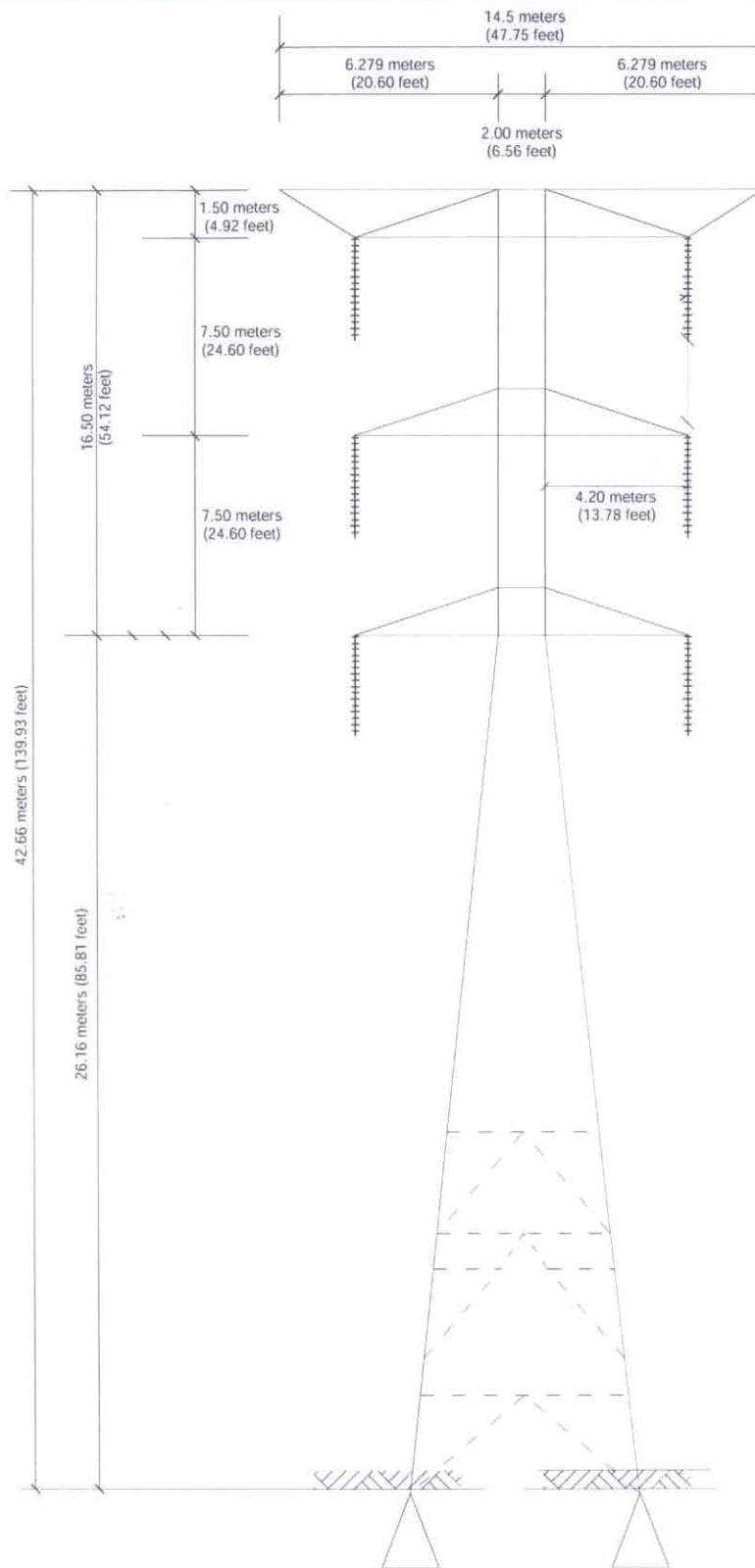


EXHIBIT D1a

Steel Lattice Tower (Suspension)

EXHIBIT D1b

Typical steel lattice tower (deflection structure)

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12
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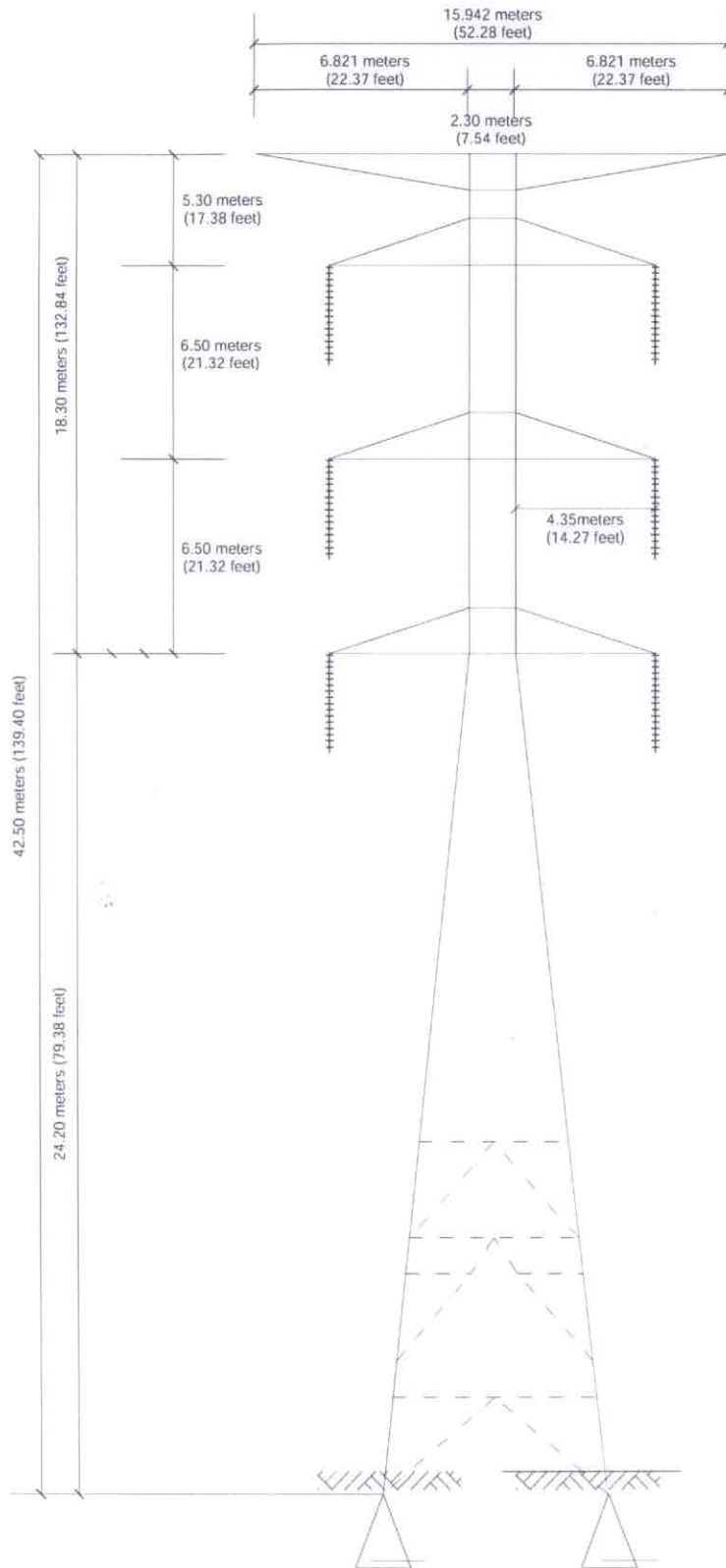


EXHIBIT D1b Steel Lattice Tower (Deflection)

EXHIBIT D1c

Typical steel lattice tower (dead-end structure)

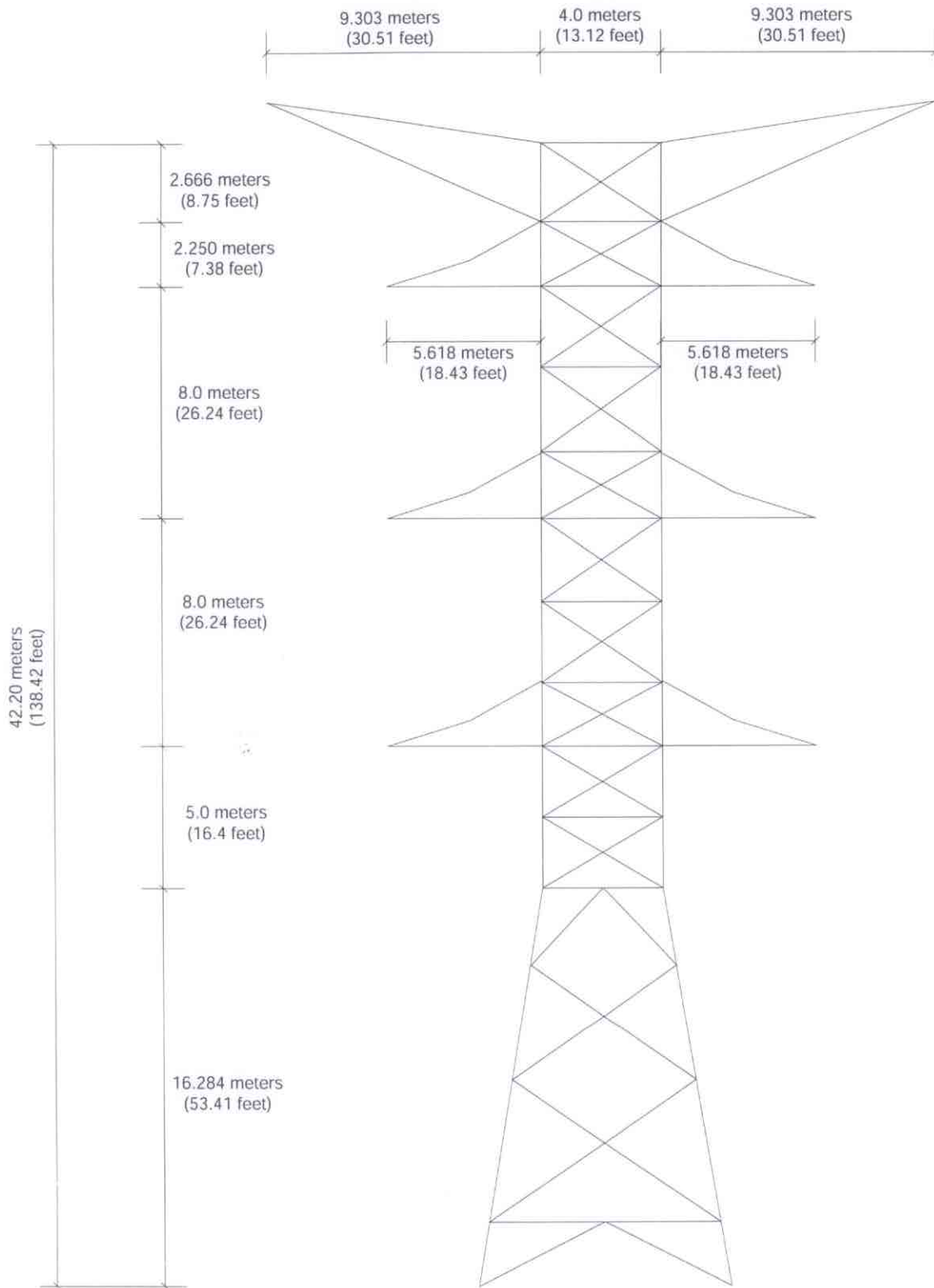


EXHIBIT D1c

Steel Lattice Tower (Deadend)

EXHIBIT D2a

Typical steel monopole (suspension structure)

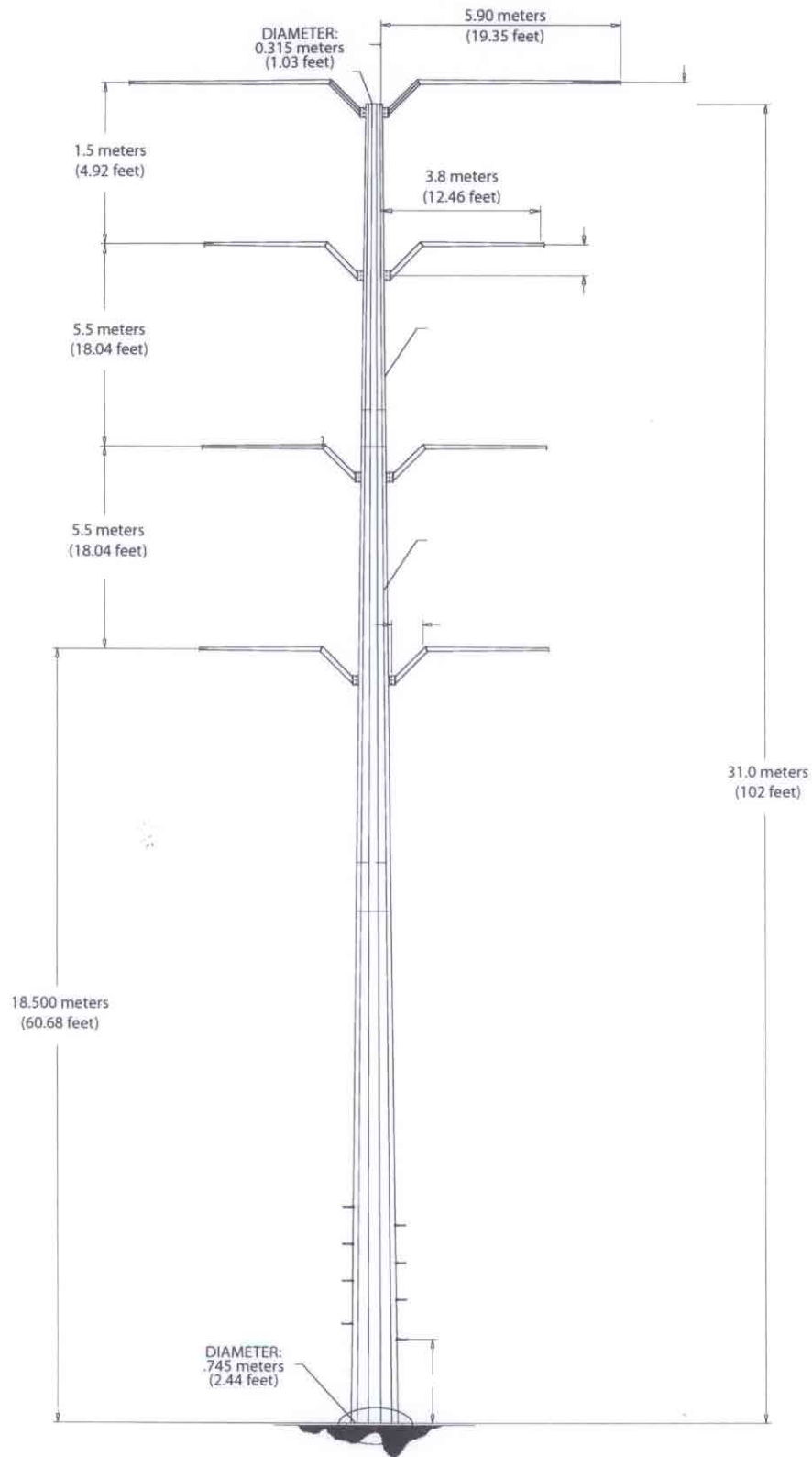


EXHIBIT D2a

Steel Monopole (Suspension)

EXHIBIT D2b

Typical steel lattice tower (deflection structure)

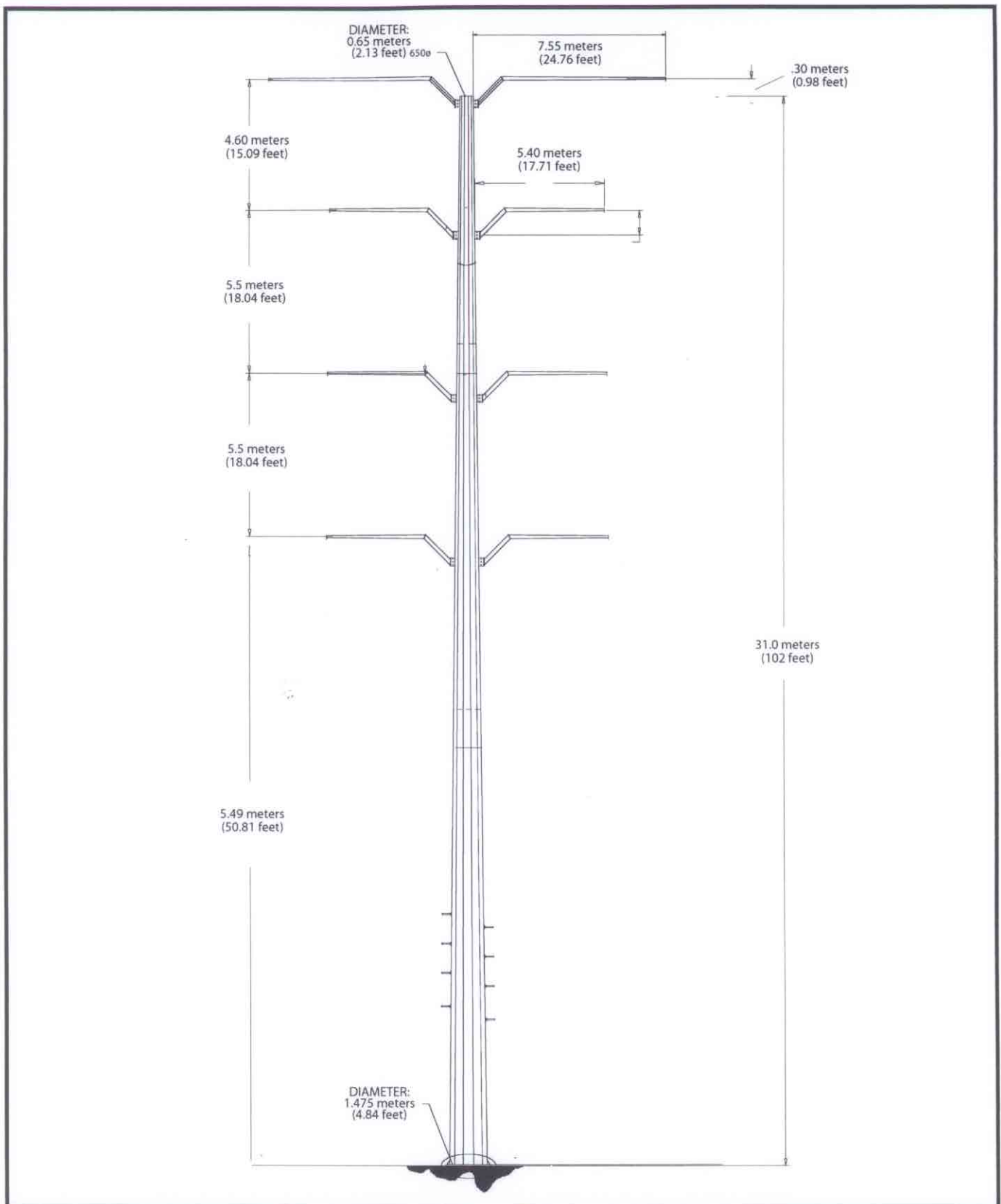



EXHIBIT D2b

Steel Monopole (Deflection)

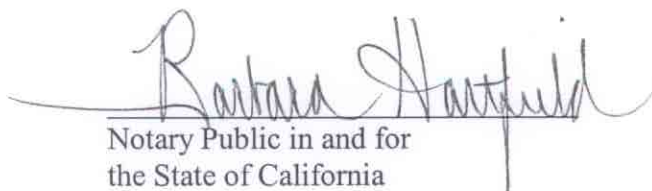
EXHIBIT E
Verifications

AFFIDAVIT OF WILLIAM B. KELLER – VICE PRESIDENT

The undersigned, William B. Keller, being first duly sworn, attests that he is a Vice President of Sempra Energy Resources, that as such he is legally authorized to bind Sempra Energy Resources, that he has read the foregoing Joint Application of Sempra Energy Resources and Termoelectrica US LLC to Rescind Presidential Permit No. PP-235 and Simultaneously Issue Such Permit To New Entity, and knows the contents thereof; and that the facts and representations set forth in the Joint Application are true and correct to the best of his knowledge, information and belief.


William B. Keller

Subscribed and sworn before me, a Notary Public in and for the State of California, County of San Diego, this 23rd of August, 2002.



Notary Public in and for
the State of California

My commission expires: October 31, 2002

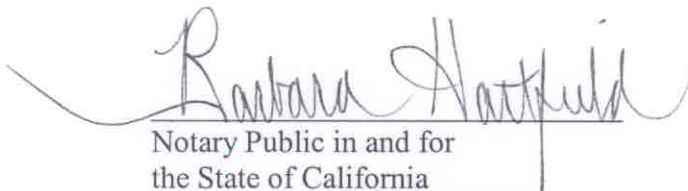


AFFIDAVIT OF WILLIAM B. KELLER – VICE PRESIDENT

The undersigned, William B. Keller, being first duly sworn, attests that he is a Vice President of Termoelectrica US LLC, that as such he is legally authorized to bind Termoelectrica US LLC, that he has read the foregoing Joint Application of Semptra Energy Resources and Termoelectrica US LLC to Rescind Presidential Permit No. PP-235 and Simultaneously Issue Such Permit To New Entity, and knows the contents thereof; and that the facts and representations set forth in the Joint Application are true and correct to the best of his knowledge, information and belief.


William B. Keller

Subscribed and sworn before me, a Notary Public in and for the State of California, County of San Diego, this 23rd of August, 2002.


Notary Public in and for
the State of California

My commission expires: October 31, 2002

